

City of South Bend
Administration & Finance Policy Manual



**2.6.3 Inventory Procedure Bureau Effective: January 1, 2010
of Water Works**

Purpose: The purpose of this procedure is to define the procedure and internal control for the inventory accounting practice of the Bureau of Water Works.

Scope: This statement applies to the Bureau of Water Works of the City of South Bend.

Responsibility: This procedure is the responsibility of the Controller of the City of South Bend. Changes or revisions to this policy are affected only with the consent and approval of the Controller.

Effective Date: This procedure is effective January 1, 2010.

1.0 Chemical Inventory:

All items identified as inventory items that are used to treat and purify the water.

1.1 Inventory Valuation Method:

The FIFO (first-in / first-out) methodology will be used. The average cost method will be applied to value the inventory.

1.2 Inventory Procedures:

Replenishing of Product

1. Product requisitioning is the responsibility of the Director of Water Treatment / Designee.

Receipt of Product

1. Incoming delivered receipts will be inspected by designee for accurate count measurement and for quality control purposes.
2. Receipts will be verified against a purchase order.
3. Irregularities are reported immediately to a Supervisor for resolution.
4. Receipts require an acceptance approval by use of a signature.
5. Packing slip(s) and all pertinent documents will be turned in to a Supervisor and routed to the accounting department.

Handling and Storing of Materials

1. Items are to be stored in a safe protected area to ensure compliance with state and federal regulations.

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Use of Product

1. Product is accurately counted daily by a designee at each location site and recorded on the Daily Route Sheet.
2. SCADA system usage data is compared to the Daily Route Sheet. Dissimilarities are investigated, recorded and reported to a Director of Water Treatment.

Period End Reporting

1. Inventory valuation will be reported monthly.
2. Periodic physical counts including an annual physical inventory.
3. Physical inventory is the responsibility of the Director of Water Treatment.

2.0 Material & Supply Inventory:

All items and parts identified as inventory items purchased primarily for the use in construction and for merchandising, jobbing and contract work.

2.1 Inventory Valuation Method:

The FIFO (first-in / first-out) methodology will be used. The average cost method will be applied to value the inventory.

2.2 Inventory Procedures:

Replenishing of Product

1. Product requisitioning is the responsibility of the Director of Water Distributions / Designee.

Receipt of Product

1. Incoming delivered receipts will be inspected by designee for accurate and/or reasonable count measurement and for quality control purposes.
2. Receipts will be verified against a purchase order.
3. Irregularities are reported immediately to Director of Water Distributions for resolution.
4. Receipts require an acceptance approval by use of a signature.
5. Packing slip(s) and all pertinent documents will be routed to the Financial Specialist.

Handling and Storing of Materials

1. Items are to be stored in a safe place and protected from loss due to weather or theft.
2. Storeroom materials will be removed by authorized staff only.
3. Storekeeper / Designee is responsible for recording items on a material and supply requisition.

Use of Material and Supplies

1. Storeroom materials are properly charged to a specific job, recorded on a material and supply requisition by a designee including a work order if applicable.
2. Storeroom materials returned from a job are recorded on a material and supply requisition by a designee as a credit and placed back in inventory.
3. Storeroom materials that are being transferred to a service vehicle or for the purpose of another job will be properly recorded on a material and supply requisition by a designee including a work order if applicable.

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4. Stockyard materials will be properly charged to a specific job and recorded on a material and supply requisition by a designee including a work order if applicable. Transfers to another job are recorded on a material and supply requisition by a designee as a credit against the original job and will be charged to the new job.
5. Material and supplies delivered directly to a construction site will be charged to that specific job and recorded on an assigned work order by the Financial Specialist. As materials are used, the items are recorded on a separate material and supply sheet by a designee. Transfers to another job or any unused materials are recorded as a credit on the original work order and will be charged to a new job or returned to inventory. Copies of the material and supply sheet will be provided to the Director of Water Distributions and the Financial Specialist daily.

Period End Reporting

1. Inventory valuation will be reported monthly.
2. Periodic physical counts including an annual physical inventory. Any significant difference between the inventory record and the physical count will be investigated to determine cause.
3. Physical inventory is the responsibility of the Director of Water Distributions.

3.0 Water Meter Inventory:

Water meters are inventoried due to frequency of use.

3.1 Inventory Valuation Method:

The FIFO (first-in / first-out) methodology will be used. The average cost method will be applied to value the inventory.

3.2 Inventory Procedure:

Replenishing of Product

1. Product requisitioning is the responsibility of the Director of Water Distributions / Designee.

Receipt of Product

1. Incoming delivered receipts will be inspected by designee for accurate and/or reasonable count measurement and for quality control purposes.
2. Receipts will be verified against a purchase order.
3. Irregularities are reported immediately to Director of Water Distribution for resolution.
4. Receipts require an acceptance approval by use of a signature.
5. Packing slip(s) and all pertinent documents will be routed to the Financial Specialist.

Handling and Storing of Meters

1. Items are to be stored in a safe place and protected from loss due to weather or theft.

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Use of Water Meters

1. Meters that are transferred to a service vehicle will be recorded on the Inventory Sheet for Meter Installs by a designee.

Period End Reporting

1. Inventory valuation will be reported monthly.
2. Periodic physical counts including an annual physical inventory. Any significant difference between the inventory record and the physical count will be investigated to determine cause.
3. Physical inventory is the responsibility of the Director of Water Distributions.